GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1310
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INSURANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) the percentage of population covered under insurance policies;

(b) whether the said percentage has increased after entering of private companies in insurance sector;

(c) if so, the details thereof;

(d) the norms and criteria adopted by the Government for issuing licence to the private insurance companies;

(e) the details of private insurance companies, domestic/foreign, given licence by the Government and functioning in the country as on date;

(f) the details of the profit earned by the public and private sector insurance companies during each of the last three years;

(g) whether some companies have left the business mid-way leaving the policy holders in lurch; and

(h) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a): The Insurance Regulatory & Development Authority (IRDA) does not generate details of percentage of population covered through insurance policies as individuals may hold more than one policy from a given insurance company or from different insurance companies. However, as per information provided by IRDA, 22.62 crore life policies were in force in the country as on 31.03.2007.

(b) & (c): IRDA has reported that the performance of the insurance sector is assessed universally in the context of two parameters, namely, insurance penetration (defined as the ratio of premium underwritten in a given year to the gross domestic product) and insurance density (defined as the ratio of premium underwritten in a given year to the total population measured in US Dollars for convenience of comparison). In the year 2000, insurance penetration and insurance density were 2.32 and US$ 9.9 respectively, while in the year 2006 both of these parameters had increased to 4.80 and US$ 38.4.

(d): The norms and criteria for issuing registrations to private insurance companies for commencement of operations are laid down in the Insurance Act, 1938 and IRDA (Registration of Indian Insurance Companies) Regulations, 2000. The regulations prescribe, inter-alia, satisfaction of the Authority on the `fit and proper` norms of the promoters, compliance with Foreign Direct Investment requirements, financial competence of the promoters to provide the initial minimum capital of Rs. 100 crore and additional capital to meet regulatory requirements on an ongoing basis, the acceptability of the business plan proposed, technical competence to execute the same, and while ensuring protection of the interests of policy holders etc.

(e) & (f): IRDA has reported that as on date it has granted registration to 37 insurance companies - 18 in the life segment, 18 in the non-life segment and one in the reinsurance segment. All these insurance companies are domestic companies and in the case of joint ventures, the equity holding of the foreign partner is limited to 26%. The details of the public and private sector insurance companies and profit earned by them during each of the last three years are placed at Annexure.

(g) & (h): No, Sir. IRDA has reported that there has not been any instance of any company winding up midway or leaving the policyholders in the lurch.